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<b>Title of meeting:</b>	Climate Change and Environment
<b>Subject:</b>	Warmer Homes Project Update
<b>Date of meeting:</b>	24 <sup>th</sup> November 2022
<b>Report by:</b>	James Hill - Director of Housing, Neighbourhood and Building Services
<b>Author:</b>	Andrew Waggott - Head of Energy Services
<b>Wards affected:</b>	All

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1. **Requested by** the Cabinet Member for Climate Change and Environment to update the report taken to Cabinet in November 2021, on the progress of the Warmer Homes scheme, funded by LAD phases 1A, 1B & 3 and HUG Phase 1 to include information on the progress made to date on the project, including the monies allocated to the Council by BEIS and spent to date, the number of energy efficiency measures installed across the consortium, the key impacts of this work and the next steps to be undertaken.

**2. Purpose**

- 2.1 To update the Cabinet Member for Climate Change and Environment on the delivery of the Warmer Homes project, funded by the Department of Business Energy and Industrial Strategy (BEIS), which enables free energy efficiency interventions to be made into private residents' homes. To update the funding secured and the measures it enables.
- 2.2 To detail the inclusion of Local Authority Delivery (LAD) Phases 1B, 3 and Home Upgrade Grant (HUG) Phase 1, used to extend the project beyond the scale and scope envisaged at the time of writing the previous Cabinet paper in November 2021.
- 2.3 To detail the latest progress made and grant monies spent, in Portsmouth and other local authority consortium partners' areas; the numbers and types of interventions made, including solar panels, air source heat pumps and insulation measures.
- 2.4 To show in detail at the time of writing the report the monetary, carbon and energy savings that have been made by the project; as well as highlighting a number of case studies.

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- 2.5 To show how lessons learned from the delivery of the early phases of the Warmer Homes project were used to streamline and improve the subsequent phases of the scheme.
- 2.6 To provide assurance that domestic energy retrofit, as a priority area for the Council, is providing demonstrable benefits to the city; and that the remaining period of the project will enable help to be provided to more households to reduce their carbon emissions and energy expenditure.

### **3. Information Requested.**

#### **3.1 Background - Overview of Warmer Homes:**

- 3.1.1** Warmer Homes is a project launched in early 2021 funded by Green Homes Grant Local Authority Delivery (LAD) and subsequently Home Upgrade Grant (HUG) funding from BEIS. An initial £3.1 million was awarded in Phase 1A, before the council was successful a subsequent round of funding under Phase 1B with a value of £6.2 million. An extension of £8.6 million was awarded to the Council for Phase 1B, as a result of proving that the scheme had the capability to successfully deploy the funding.
- 3.1.2** The Council won further funding under the Sustainable Warmth Competition in late 2021. This comprises £15.7 million for LAD Phase 3 and £16.2 million for HUG Phase 1. This funding was incorporated into the Warmer Homes project in order to keep brand continuity and started to be deployed in May 2022, alongside the existing 1B funding.
- 3.1.3** The table below shows the funding awards to the Council from BEIS and the key dates for spending each grant:

<b>Funding</b>	<b>Value</b>	<b>Start-End Date</b>
LAD 1A	£3.1 million	Feb 21 - Sep 21
LAD 1B	£6.3 million	Apr 21 - Sep 22
LAD 1B Extension	£8.6 million	Nov 21 - Sep 22
LAD 3	£15.7 million	May 2022 - Mar 23
HUG 1	£16.2 million	May 2022 - Mar 23
<b>Total Spend</b>	<b>£49.9 million</b>	

- 3.1.4** The Warmer Homes consortium, although led by Portsmouth City Council, encompasses a wider partnership of 21 local authorities; primarily made up of councils in Hampshire and West Sussex. The consortium includes Southampton, Fareham, New Forest, Gosport, Havant, East Hampshire, Eastleigh, Winchester, Basingstoke and Deane, Brighton and Hove and other councils across the wider south of England. Southampton, Brighton and Hove, Fareham and New Forest joined the consortium for the LAD 3 and HUG phases of the project.

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### **3.2 LAD Phase 1**

- 3.2.1** The launch for 1A funding was in February 2021, with the project being targeted at external solid wall insulation (EWI) and air source heat pumps (ASHP). 1B funding was launched in March 2021 and included solar panels as an additional measure.
- 3.2.2** Across both the 1A and 1B phases, the Warmer Homes project will deliver improvements to 2,257 homes, comprising 2,491 individual measures throughout the entire consortium area. Although no specific targets were set for individual local authority areas, Portsmouth has received a relatively large number of installations (circa 19.5%), because of the high level of marketing and communications activity being undertaken by the proactive Switched On Portsmouth team.
- 3.2.3** The funding was used to fully fund measures up to a value of £10,000; although some measures, such as solar panels, cost less than this. Where possible, secondary measures such as heating controls, loft and cavity wall insulation (CWI) were installed alongside solar.
- 3.2.4** Funding criteria included households with a total annual income of less than £30,000 and an Energy Performance Certificate (EPC) rating of a 'D' or lower.
- 3.2.5** In October 2021, an award of a further £8.6 million was made to the Council under 1B funding. This funding was awarded, with an extended deadline of September 2022, because of the success of the project.
- 3.2.6** The table below shows the numbers of measures delivered free by the Warmer Homes under the scheme using LAD Phase 1 funding. Note the number of air source heat pumps is very low because Portsmouth is connected to the gas network, with most installs occurring in off-gas properties:

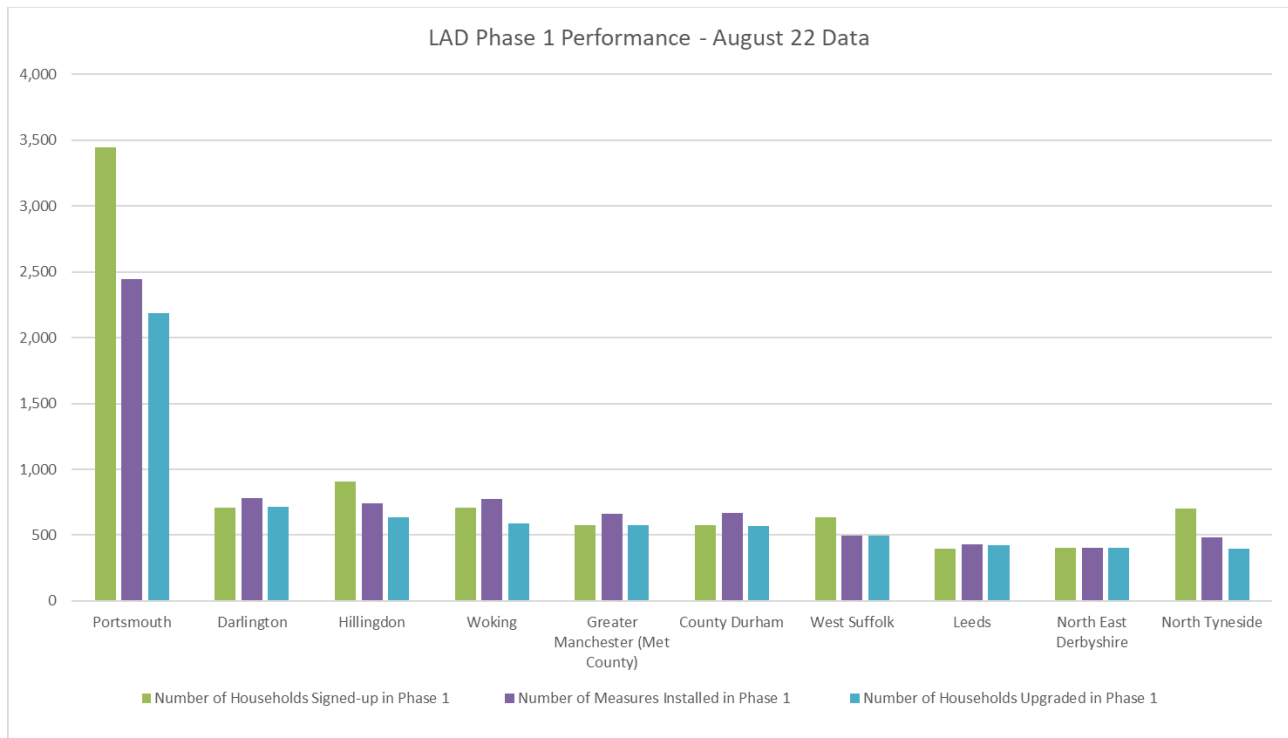
Measures Installed	Portsmouth Total	Total Across All Authorities
Solid Wall Insulation	43	505
Air Source Heat Pump	1	26
Solar Panels	419	1,528
Smaller measures	62	497
All Measures	498	2,556

- 3.2.7** A total of almost £17 million was spent against LAD Phase 1 element of the Warmer Homes scheme in total, with an underspend of £1 million on the LAD 1A phase of the project.

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3.2.8 The Warmer Homes project is the largest single project in terms of spend and measures under Phase 1 of LAD across the UK, around 3 times larger than that of the next closest.



Graph showing key data on delivery of local authority schemes on LAD Phase 1 (Data from end of August 2022<sup>1</sup>)

### 3.3 Sustainable Warmth (LAD 3 and HUG 1)

3.3.1 The Council bid for and received the following funding under the Sustainable Warmth Competition run by BEIS in autumn 2021, with the grant approved in early 2022:

- a) £15.7 million under LAD 3
- b) £16.2 million under HUG 1

3.3.2 LAD 3 has very similar qualifying criteria, measures and conditions to those delivered under Phase 1. The key change is that off-gas properties are now not in scope.

3.3.3 HUG 1 is entirely focussed on properties that are not connected to the gas network. It also allows a more 'whole-house' retrofit to be undertaken, with a spend cap of up to £25,000 per property in certain circumstances.

<sup>1</sup> [Green Homes Grant Local Authority Delivery \(LAD\) and Home Upgrade Grant \(HUG\) release, August 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/green-homes-grant-local-authority-delivery-lad-and-home-upgrade-grant-hug-release-august-2022)

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**3.3.4** The table below shows the measures anticipated to be delivered under the scheme at the point of application :

<b>Measure</b>	<b>LAD3</b>	<b>HUG1</b>
External Wall Insulation	138	110
Internal Wall Insulation	430	220
Cavity Wall Insulation	165	165
Room In Roof Insulation	200	90
Underfloor Insulation	10	10
Flat Roof Insulation	75	75
Air Source Heat Pump	28	110
High Heat Retention Storage Heaters	0	550
Solar PV	550	385
Park Home Insulation	65	100
Loft Insulation	260	110
Heating Controls	260	165
<b>Total:</b>	<b>2,116</b>	<b>2,090</b>

**3.3.5** The Sustainable Warmth phase of the Warmer Homes project was launched with consortium partners in May 2022. With new local authorities represented, particularly the large unitary councils of Southampton and Brighton.

**3.3.6** Much of the time since has been spent on preparing for the hard launch of the work; with time taken to strengthen the supply chain, amend customer journeys, work up data targets and develop marketing campaigns.

**3.3.7** The supply chain for Phase 1 and Sustainable Warmth is largely the same contractors, so focus has been on delivering the final stages of Phase 1 so as not to overwhelm the contractor base with new measures.

**3.3.8** Despite the cautious start of the Sustainable Warmth phase of the project is now installing at the level of the preceding phases of the scheme. The project has ramped installations up significantly in October and will continue to do more week on week prior to the 31<sup>st</sup> March 2023 deadline. Details at time of writing:

<b>Measures installed</b>	<b>Portsmouth Total</b>	<b>Total across all authorities</b>
External Wall Insulation	1	11
Internal Wall Insulation	3	97
Cavity Wall Insulation	5	46
Room In Roof Insulation	2	2
Underfloor Insulation	0	2
Flat Roof Insulation	0	0

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Air Source Heat Pump	0	5
High Heat Retention Storage Heaters	0	1
Solar PV	7	91
Park Home Insulation	0	15
Loft Insulation	0	69
Heating Controls	0	0
<b>All Measures</b>	<b>18</b>	<b>339</b>

**3.3.9** The ratio of properties within Portsmouth has fallen during the early stage of the Sustainable Warmth funded element of the works. This is due to the legacy of LAD 1B funding already being spent in the area and the constrained supply chain. Most of the installations under this element of funding have occurred in the new partner areas, particularly Brighton and Southampton.

**3.3.10** At time of writing there are 931 households that have applied and are progressing through the scheme, at various stages. This indicates the continued steep upward trajectory in installations in the Sustainable Warmth project week on week.

## 4. Key Impacts

- 4.1 As a result of the measures installed within a household under the project, the average household will realise savings of up to £500 p/a. This saving will be vital to supporting households through the current energy crisis, where the average fuel bill is double what they would have been for the same period in 2021. Appendix A gives examples of customers who have benefited from the scheme.
- 4.2 Properties are likely to see at least a 1 SAP band improvement after having a measure installed under the scheme. To date, 43 properties have been improved to an EPC score of C. These improvements support the national fuel poverty strategy and the Council's own Energy and Water Strategy which aims to improve all households to an EPC of D as a minimum.
- 4.3 The scheme expects to realise carbon savings of 3,912 tonnes CO<sub>2</sub>e per year, equivalent to the entire emissions of 492 domestic households.
- 4.4 The Council's agreement with our delivery partners ensure that local contractors are offered works, ensuring the social value of having the grant spent within the local economy to support and develop local green jobs.

## 5. Secondary Impacts

- 5.1 As well the primary deliverables detailed in Section 6; the Warmer Homes project has also been successful in delivering a number of other beneficial outcomes to the Council and its partners.

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- 5.2 The funding has helped to further develop the Council's supply chain within the local area. Additional support has been offered to small local installers to ensure they have the required accreditations and training to install new measures, such as Air Source Heat Pumps, which will improve the readiness to deliver further domestic energy efficiency projects.
- 5.3 Improvements have been made to the Council's understanding of the quality of domestic housing across the city, through the collection and analysis of data including property characteristics, EPC and in-fill EPC ratings, Lidar and GIS. This improves our ability to successfully target properties more efficiently.
- 5.4 Available marketing spend under the project has further improved the Switched On Portsmouth website ([www.switchedonportsmouth.co.uk](http://www.switchedonportsmouth.co.uk)) through the development of video content and case studies. Printed collateral has also been developed and distributed, widening our reach to ensure residents without internet access are aware of the funding available.
- 5.5 The increased promotion of the Warmer Homes project has resulted in an increased demand of the overall Switched On Portsmouth service. This includes the on wards referrals of applicants to receive a free home energy visit service and additional smaller measures. The promotion has also led to increased calls to the Freephone advice line, which offers energy saving advice to all households, not just those eligible for the grant funded schemes.
- 5.6 Additional local authority partners joined the Council led consortium for the Warmer Homes project, improving our relationship with large council areas such as Southampton and Brighton.
- 5.7 The successful operation of the Warmer Homes project to date has strengthened the Council's relationship with BEIS as it has proved its ability to deliver large-scale projects within relatively short project timescales. This will improve the chances of the Council receiving future funding, as evidence of deliverability is a scored part of applications.

## **6. Next Steps**

- 6.1 The Council will continue to treat the delivery of domestic energy retrofit as a priority area of activity, as identified in the *Energy and Water at Home Strategy (2020-25)* and *Home Energy Support Service*. This is both to alleviate fuel poverty, reduce household bills, create local green jobs and reduce carbon emissions.
- 6.2 The Switched On Portsmouth team will continue to deliver the Warmer Homes project under funding from the Sustainable Warmth funding until at least the end of the 22-23 financial year; building on the successes of the project to date.

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- 6.3** The Switched On Portsmouth team will continue to use the foundation of the project to attract further funding into the Warmer Homes project and wider Switched On Portsmouth service. This includes utilising funding from the 'Warm Homes Fund' for first-time low carbon heating which was secured in summer of 2022.
- 6.4** In addition to the future phases of funding already secured, the Warmer Homes project, and the consortium, protocols and supply it has developed, will be used to bid for further phases of HUG 2 funding (open at time of writing with closing deadline for applications of 18th November) and other potential funding, yet to be announced.
- 6.5** The Switched On Portsmouth team will, on behalf of the Council, continue to build on its partnership relationship with other local authorities within the Warmer Homes consortium to ensure success of the Warmer Homes project and future schemes involved domestic energy retrofit.
- 6.6** The Switched On Portsmouth team will continue to build a brand and reputation for delivering support in Portsmouth; both through the Warmer Homes project and the other services on offer to households in the city.

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Signed by James Hill - Director of Housing, Neighbourhood and Building Services

### **Appendices:**

- Appendix A: Case Studies of Residents supported under Warmer Homes

### **Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
The Energy and Water at Home Strategy (2020-25); March 2020	<a href="https://democracy.portsmouth.gov.uk/documents/s26302/Energy%20and%20Water%20at%20Home%20Strategy%20Report%20with%20appendices.pdf">https://democracy.portsmouth.gov.uk/documents/s26302/Energy%20and%20Water%20at%20Home%20Strategy%20Report%20with%20appendices.pdf</a>
Home Energy Support Service – Update to the Report of October 2020 (Cabinet, January 2021)	<a href="https://democracy.portsmouth.gov.uk/documents/s29329/Home%20Energy%20Support%20Service%20progress%20update%20from%20October.pdf">https://democracy.portsmouth.gov.uk/documents/s29329/Home%20Energy%20Support%20Service%20progress%20update%20from%20October.pdf</a>
Warmer Homes Project (Cabinet, November 2021)	<a href="https://democracy.portsmouth.gov.uk/documents/s34950/Warmer_Homes_Project.pdf">https://democracy.portsmouth.gov.uk/documents/s34950/Warmer_Homes_Project.pdf</a>